



Dave Lambertson  
Director

# COUNTY OF LOS ANGELES

## Internal Services Department

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*To enrich lives through effective and caring service.*

September 28, 2006

**Agenda Date: October 17, 2006**

The Honorable Board of Supervisors  
County of Los Angeles  
500 West Temple Street  
383 Kenneth Hahn Hall of Administration  
Los Angeles, California 90012

Dear Supervisors:

**COUNTYWIDE SMALL BUSINESS PAYMENT LIAISON AND  
PROMPT PAYMENT PROGRAM BOARD POLICY  
(ALL DISTRICTS - 3 VOTES)**

**JOINT RECOMMENDATION WITH THE AUDITOR-CONTROLLER THAT YOUR  
BOARD:**

1. Adopt the attached Board Policy related to the establishment of a Countywide Small Business Payment Liaison and Prompt Payment Program.
2. Instruct the Director of the Internal Services Department and the Auditor-Controller to implement the Small Business Payment Liaison and Prompt Payment Board Policy and Program within ninety (90) calendar days with assistance from all County departments.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

**Background**

Consistent with the Board's adoption of the 1997 "Bold Steps Forward" report that identified timely payments as a key issue in attracting small business, the County's Small Business Commission has requested the Internal Services Department (ISD) to develop a program to expedite payments to certified small businesses and to provide assistance in resolving payment issues.

With up to 40 separate County departments to deal with, many payment delays to Small Business are created by having to navigate through varying invoice and payment processes, or not knowing or communicating with the appropriate department contact.

Towards this end, ISD has been working with the Auditor-Controller, County Counsel and other County departments to create a small business prompt payment program for certified Local Small Business Enterprises (LSBE's). The program will have two components; a central point of contact for payment issues and shorter payment guidelines.

#### Small Business Payment Liaison

A Small Business Payment Liaison function will be established within the Auditor-Controller to provide a single point of contact for certified LSBE's to resolve payment delays. A description of the program will be included in all solicitations advising small businesses of the Liaison function and prompt payment program. Certified LSBE's will be provided with a contact number within the Auditor-Controller. When issues are received, Auditor-Controller staff will work with the applicable department to resolve the payment issue.

#### Small Business Prompt Payment Program

Concurrent with the establishment of a Liaison function, the County's Small Business Commission had asked the County to develop a small business Prompt Payment Program for certified LSBE's. This request was based on the belief that the current 30-day policy is insufficient for small businesses due to their potential cash flow issues. As a result, the proposed Board policy would establish a 15-day payment goal for certified Local Small Business Enterprises. The 15-day period would begin once the vendor invoice(s) received is properly matched against the receiving report/shipping document.

#### Implementation of Strategic Plan Goals

The LSBE Liaison and Prompt Payment Program is consistent with the County's strategic plan goals in the areas of Service Excellence and Community Service. This program constitutes a major step forward in changing the County's historical payment processes to facilitate a more streamlined approach to eliminate payment delays. This will not only accommodate existing LSBEs, but also will attract additional local small businesses to do business with the County.

#### **FISCAL IMPACT/FINANCING**

The funds for the position of the Countywide Small Business Payment Liaison are included in the approved budgets for the Internal Services Department and Auditor-Controller for Fiscal Year 2006-07.



The costs associated with the implementation and monitoring of the Prompt Payment program will be absorbed by affected County departments.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The Auditor-Controller has completed its recruitment efforts for the position of LSBE Liaison that will reside within that department. In concert with ISD's Office of Small Business, the selected person in the Liaison position will be responsible for developing and coordinating departmental and vendor program training and procedures for ongoing participation.

The prescribed prompt payment window to be promoted under the proposed Board Policy establishes a goal for County departments to make payments to certified, Local Small Business Enterprises for goods or service provided within 15 calendar days after receipt of an undisputed invoice that has been properly matched against a receiving or shipping document, service deliverable or payment schedule, or any other validation of receipt document.

A certified, LSBE is defined as those small businesses enrolled and approved to participate in the Local SBE Preference Program pursuant to Los Angeles County Code, Chapter 2.204, adopted by the Board on July 23, 2002. This program is modeled on the State of California's small business preference program and utilizes the State's certification of small business status as a requirement for the County's certification of Local SBE status. In addition to State certification, the County's Local SBE Program requires a small business to have its principal office currently located within the County for a period of at least the past twelve months.

ISD is currently in the process of developing certified LSBE vendor identification stamps (labels), procedures and logistics for prompt payment participation, including requirements to label invoice, packing or shipping documents and other material to "flag" goods or services in order for departments to readily identify them for expedited payment. ISD is also finalizing certified LSBE vendor participation requirements and training, and implementation instructions, requirements and program training for County departments.

The program will be implemented within 90 calendar days after your Board approves this policy and program initiatives.

### **IMPACT ON CURRENT SERVICES/PROJECTS**

The proposed Board Policy is designed to provide a single point of contact for certified LSBE's to resolve payment delays for invoice, payment or other issues; and to promptly pay certified Local SBEs for goods or services received by County departments within 15 calendar days after a vendor invoice(s) has been properly matched against a

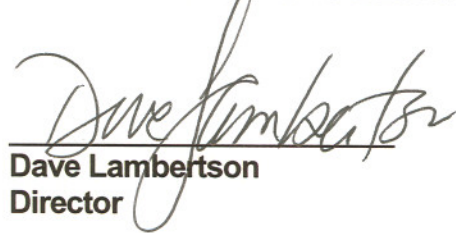
receiving report or shipping document. The prompt payment program is also designed to provide an added incentive for small businesses to participate in the program and do business with the County.

**CONCLUSION**

Upon approval, the Executive Officer, Board of Supervisors, is requested to return one (1) adopted stamped Board Letter and three (3) certified copies of the Board Order to the Director of the Internal Services Department and Auditor-Controller.

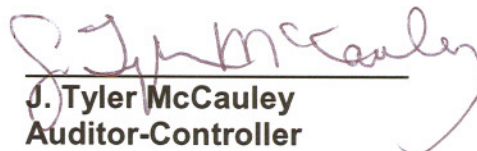
Respectfully submitted,

**INTERNAL SERVICES DEPARTMENT**



**Dave Lambertson**  
**Director**

**AUDITOR-CONTROLLER**



**J. Tyler McCauley**  
**Auditor-Controller**

DL:j

Attachment

c: Chief Administrative Officer  
County Counsel  
Executive Officer, Board of Supervisors  
Small Business Commission





# *Los Angeles County* **BOARD OF SUPERVISORS POLICY MANUAL**

Policy #:	Title:	Effective Date:
0.000	Small Business Payment Liaison and Prompt Payment Program	00/00/00

## **PURPOSE**

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To establish a Countywide Small Business Payment Liaison within the Department of Auditor-Controller that will provide a single point of contact for County certified Local Small Business Enterprises (SBE) to address payment delays or issues; and to institute a Prompt Payment Program that affirms the County's intent to pay certified Local SBEs for goods and services within 15 calendar days of receipt of an undisputed and approved invoice.

With up to 40 separate County departments to deal with, many Small Businesses experience invoice and payment related issues and delays by having to navigate through varying processes used by the individual departments, and in many cases, by not knowing or communicating with the appropriate department contact(s).

By providing a single point of contact in the Department of Auditor-Controller, certified Local SBEs will be afforded the opportunity to address payment issues at a central location within the County. The Liaison will be responsible to coordinate actions and/or resolution with the appropriate County department(s).

Additionally, timely payments are a key to attracting small business to do business with the County because of cash flow requirements. The Prompt Payment Program is designed to attract and encourage more small businesses to participate in the Local Small Business Enterprise Preference Program.

## **REFERENCE**

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Los Angeles County Code Chapter 2.204  
1997 Bold Steps Forward Report

## POLICY

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It is the policy of the Board of Supervisors that the County will maintain a single point of contact for invoice, payment or other issues as it relates to County certified Local Small Business Enterprises (SBE), and that it be the intent of County departments to promptly pay certified Local SBEs for goods or services received within 15 calendar days after a vendor invoice(s) have been properly matched against a receiving report or shipping document.

### Definition

A certified, Local SBE is defined as those small businesses enrolled and approved to participate in the Local SBE Preference Program pursuant to Los Angeles County Code, Chapter 2.204, adopted by the Board on July 23, 2002. This program is modeled on the State of California's small business preference program and utilizes the State's certification of small business status as a requirement for the County's certification of Local SBE status. In addition to State certification, the County's Local SBE Program requires a small business to have its principal office currently located within the County for a period of at least the past twelve months.

### Countywide Small Business Payment Liaison

The County's Small Business Payment Liaison function and position will be assigned to and perform duties within the Department of Auditor-Controller. The duties and responsibilities of the position will be to assist Local certified SBEs with invoice and related issues pertaining to County purchase orders and contracts. The Liaison will be the County's central point of contact for certified Local SBEs and will be responsible for coordinating the actions required to resolve issues with the respective County department.

### Prompt Payment Program

It is the intent of the County that Certified Local SBEs will receive prompt payment for goods and/or services they provide to County departments. Prompt payment is defined as 15 calendar days after receipt of an undisputed invoice that has been properly matched against a receiving or shipping document, service deliverable or payment schedule, or any other validation of receipt document.

The Internal Services Department/Office of Small Business will be responsible to establish Countywide procedural mechanisms to identify Local SBE invoices, and inform vendors of the program through electronic means as well as through existing, and ongoing vendor training programs and workshops.

### Exceptions

The Prompt Payment program shall apply to, and include all Purchase Orders and Contracts between the County and a Local SBE, except where State or Federal law has preempted the regulation of those Purchase Orders and Contracts. In such cases, the State or Federal mandates shall take precedence.

**RESPONSIBLE DEPARTMENT**

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Internal Services Department  
Auditor-Controller  
County Counsel

**DATE ISSUED/SUNSET DATE**

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**Issue Date: October 1, 2006**

**Sunset Date: October 1, 2010**